



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR Part 3050

[Docket No. RM2018-4; Order No. 4610]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is noticing a recent filing requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal One). This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* June 13, 2018. *Reply Comments are due:* June 20, 2018.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER**

INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On May 17, 2018, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports and compliance determinations.¹ The Petition identifies the proposed analytical method changes filed in this docket as Proposal One.

II. Proposal One

Background. Proposal One relates to sampling procedures for the Delivery Point Sequenced (DPS) portion of the Rural Carrier Cost System (RCCS) data used for the distribution of rural carrier costs within the Cost and Revenue Analysis (CRA) Report. Petition at 1. The RCCS is a continuous, ongoing cross-sectional statistical study, or probability sample of rural carrier route-days. *Id.* Proposal One at 1. For each selected route-day, a sample of mail is selected, and for each selected mailpiece, characteristics are recorded directly into a portable microcomputer. *Id.* RCCS data are primarily used to distribute rural carrier costs among the products that rural carriers deliver. *Id.* at 2.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), May 17, 2018 (Petition).

The Origin-Destination Information System – Revenue, Pieces, and Weight (ODIS-RPW) used to estimate volume and revenue is also a probability-based destinating mail sampling system in which data collectors also record mail characteristics from sampled mailpieces. *Id.* Data collectors record mail characteristics using digitally captured images of letter-shaped and card-shaped mail, thereby eliminating the need for manual sampling of DPS letters and cards. *Id.* Mailpiece information obtained from ODIS-RPW digital sampling is similar to RCCS DPS data elements, including the destinating carrier route number. *Id.*

Proposal. Proposal One involves a methodology change in RCCS data collection procedures and in the volume proportion estimation procedures used for cost distribution for certain DPS mail. *Id.* at 1. Proposal One is similar to Proposal Nine approved by the Commission in Docket No. RM2017-13, which proposed use of digital image samples for the City Carrier Cost System (CCCS).²

Proposal One would allow utilization of the same digital data (regarding DPS pieces destined for delivery by rural routes) currently employed by ODIS-RPW to simultaneously enhance the RCCS estimation of delivered DPS volumes and eliminate the need to manually sample a large portion of DPS mail. Petition, Proposal One at 2. Details about the mapping of products to mailcodes are set forth in the RCCS Digital Mailcode Flowchart Excel file electronically attached to the Petition. The RCCS Digital System documentation electronically

² *Id.* Docket No. RM2017-13, Order on Analytical Principles Used in Periodic Reporting (Proposal Nine), December 15, 2017 (Order No. 4278).

attached to Proposal One as a PDF document provides more details on the proposed procedures. For rural routes in ZIP Codes that are not included in the ODIS-RPW digital sampling frame, the current methodology of manually sampling DPS mail would continue, and those estimates would be combined with the digital DPS estimates to produce the distribution key for DPS mail used to apportion street activity costs to categories of mail in Cost Segment 10. *Id.* at 3.

Rationale and impact. The Postal Service states that including ODIS-RPW digital data would greatly enhance RCCS DPS estimates and would substantially magnify the benefits of utilizing digital data already approved by the Commission. *Id.* RCCS data collectors on most RCCS tests would no longer have to take the time to pull sample mailpieces from DPS letter trays. *Id.* This would allow them more time to devote to sampling other mail types, like parcels and cased letters and flats. *Id.* at 3-4. This could also help avoid delays of carriers leaving the office to deliver mail. *Id.* at 4.

The automated, systematic method of collecting images of DPS letter and cards used to collect the sample would reduce the risk of undetected sampling errors, and the retention of the mailpiece images for 30 days would permit review and post-analysis by data collectors and supervisors. *Id.* Detailed information regarding the rationale and impact of Proposal One, Rural Carrier Cost System – Digital DPS Statistical Documentation, is attached to the Petition as a PDF document. A table, Impact of Proposal One, included in the Petition also compares the FY 2017 DPS distribution key proportions and estimates the

impact on unit costs from the proposal. *Id.* at 5. The Postal Service states that the table and an electronically attached Excel file demonstrate that the expected impact of Proposal One would be minimal. *Id.* at 4.

III. Notice and Comment

The Commission establishes Docket No. RM2018-4 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal One no later than June 13, 2018. Reply comments are due no later than June 20, 2018. Pursuant to 39 U.S.C. 505, Lawrence Fenster is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2018-4 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), filed May 17, 2018.

2. Comments by interested persons in this proceeding are due no later than June 13, 2018.

3. Reply comments are due no later than June 20, 2018.

4. Pursuant to 39 U.S.C. 505, the Commission appoints Lawrence Fenster to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

5. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Stacy L. Ruble,

Secretary.

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